

Message Text

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ACTION EB-08

INFO OCT-01 ISO-00 L-03 FRB-03 OMB-01 ITC-01 SP-02
ICA-11 AGRE-00 AID-05 CIAE-00 COME-00 INR-10
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TO SECSTATE WASHDC PRIORITY 2192

INFO ALL OECD CAPITALS

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E.O. 11652: N/A

TAGS: UNCTAD, ETRD

SUBJECT: UNCTAD: AD HOC COMMITTEE ON THE INTEGRATED
PROGRAM OF COMMODITIES (AHIC): COMMON FUND ASPECTS (PART
II)

REFERENCE: (A) GENEVA 10935; (B) GENEVA 10933

1. SUMMARY: THIS CABLE SUPPLEMENTS REF (A) WHICH DEALT
WITH COMMON FUND ASPECTS OF THE AHIC MEETING. THIS REPORT
COVERS THREE PRINCIPLE TOPICS: (1) REVIEW OF POLICY ISSUES
AND WORK ON COMMODITIES; (2) TEXT OF PART II OF RESOLUTION--
REF (B); AND (3) CONDUCT OF MEETING. FINAL PARAGRAPH ALSO
LISTS SCHEDULE FOR REMAINDER OF 1978.

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2. POLICY REVIEW: THE G-77 HAD INTENDED TO CONVERT MEETING
INTO A FULL-SCALE REVIEW OF PROGRESS AND PROBLEMS OF EACH
INDIVIDUAL COMMODITY AS WELL AS DISCUSSION ON SUCH GENERAL
POLICY ISSUES AS PRODUCT CDVERAGE, ESTABLISHMENT OF INDE-
PENDENT COMMODITY ARRANGEMENTS AND EFFECTS ON STABILIZATION.
G-77 HIGHLIGHTED LDC PRODUCER DIFFICULTIES IN EACH COMMODITY

MEETING. OF THESE, HOWEVER, THE ONLY ONE OF ANY DIRECT BEARING ON COMMODITY MEETINGS WAS THE STATEMENT ON COPPER: "WE EXPRESS A STRONG POSITION THAT WHATEVER ARRANGEMENTS MAY BE AGREED UPON MUST ALWAYS BE IN THE CONTEXT AND TIME-FRAME OF THE IPC AND IN CONFORMITY WITH THE SPIRIT OF RESOLUTION 93(IV).

"ANY INTERGOVERNMENTAL BODY CREATED SHOULD HAVE A MERELY PROVISIONAL CHARACTER AND SERVE AS A FIRST STAGE TOWARDS ELABORATING A BASIS FOR AN INTERNATIONAL COPPER AGREEMENT TO BE ADOPTED AT A NEGOTIATING CONFERENCE TO BE CONVENED UNDER THE AUSPICES OF UNCTAD. SUCH A BODY SHOULD IN NO CASE BE SEPARATED FROM UNCTAD." CHAIRMEN'S REPORTS FROM INDIVIDUAL COMMODITY MEETINGS WERE IN THE MAIN STRAIGHTFORWARD RE CITATION OF DECISION TAKEN IN THE LAST PREPARATORY MEETING. G-77 HAD ESTABLISHED WORKING GROUPS OF KEY LDC PRODUCERS ON EACH COMMODITY AND A FEW QUESTIONS WERE ASKED REGARDING PHOSPHATES, IRON ORE, MANGANESE AND COPPER. OTHERWISE THERE WAS VIRTUALLY NO DISCUSSION AND THE CHAIRMEN WERE NOT REQUIRED TO ENTER INTO POLICY DISPUTES. INTERVENTION WHICH AROUSED GREATEST INTEREST WAS LENGTHY STATEMENT BY AUSTRALIA REGARDING INEFFECTIVENESS OF INTERNATIONAL SUGAR AGREEMENT TO DATE FOR WHICH AUSTRALIA PLACED BLAME PARTIALLY ON U.S. AND HEAVILY ON EC FOR THEIR LACK OF HAVING ACCEDED TO THE AGREEMENT. AUSTRALIA RECEIVED GENERAL SUPPORT FROM A NUMBER OF G-77 SUGAR PRODUCERS BUT THEIR MAIN OBJECTIVE WAS TO HIGHLIGHT NECESSITY FOR AHIC TO DEAL WITH SUCH POLICY LIMITED OFFICIAL USE

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ISSUES. CUBA AND BRAZIL, WHILE SYMPATHIZING WITH AUSTRALIA, SUGGESTED SUCH ISSUES BE BROUGHT UP IN THE INTERNATIONAL SUGAR COUNCIL. GROUP B MEMBERS REFRAINED FROM ANY DISCUSSIONS ON INDIVIDUAL COMMODITIES INCLUDING SUGAR DESPITE PROVOCATIVE NATURE OF AUSTRALIAN INTERVENTION. US AND EC AGREED STAND BY GROUP B RULE NOT TO ENTER INTO DISCUSSIONS ON INDIVIDUAL COMMODITIES IN THE AHIC.

3. TEXT OF PART II: G77'S INITIAL TEXT OF PART II OF THE RESOLUTION WHICH DEALS WITH COMMODITY PROBLEMS WAS AN ATTEMPT TO GET AHIC TO INSTRUCT PREPARATORY MEETINGS TO DEVELOP WORK PROGRAMS WHICH PRESUME PRICE STABILIZATION AND OTHER MEASURES ARE BOTH REQUIRED FOR EVERY COMMODITY. IN ADDITION G-77 INSISTED THAT AHIC INSTRUCT MEETINGS THEY MUST FOLLOW AN "INTEGRATED" APPROACH AND NOT A NARROW FOCUS AS IMPLIED IN CASE-BY-CASE APPROACH. DESPITE INITIAL AGREEMENT WITHIN G-77 TO PUT FORWARD SUCH A TEXT, THE STEAM SEEMED TO GO OUT VERY QUICKLY AS GROUP B WHITTLED AWAY AT IT AND GRADUALLY TURNED IT INTO GIBBERISH, LEAVING PREPARATORY MEETINGS TO CONTINUE PRETTY MUCH AS THEY HAVE IN THE PAST. ONLY OPERATIVE FEATURE OF RESOLUTION OF ANY IMPORTANCE IS EXTENSION OF TIME-FRAME OF WORK ENVISAGED UNDER 93(IV) UNTIL

THE END OF 1979.

4. CONDUCT OF MEETING: THE CLEAR FOCUS OF THIS SIXTH SESSION WAS G-77 EFFORT TO ESTABLISH SOME PROCEDURAL BASIS FOR RESUMPTION OF THE NEGOTIATING SESSION ON THE COMMON FUND. SINCE THE SECRETARY GENERAL HIMSELF WAS KEENLY INTERESTED IN THIS RESOLUTION THEREFORE THE SECRETARIAT (CHADHA AND COREA HIMSELF) PLAYED AN ACTIVE ROLE IN THE NEGOTIATION OF THE DRAFT RESOLUTION. BOTH AMB BRILLANTES (PHILIPPINES) AND AMB HESSEL (FRANCE) WERE ACTING AS SPOKESMEN FOR THE G-77 AND GROUP B RESPECTIVELY FOR THE FIRST TIME. THEY APPEARED TO PREFER TO NEGOTIATE PRIVATELY AMONG THEMSELVES RATHER THAN FOLLOW THE USUAL PROCEDURE OF WORKING

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OUT THE TEXT IN LARGER CONTACT GROUP. AS A RESULT MANY HOURS WERE SPENT WAITING WHILE COREA, CHADHA, HESSEL, BRILLANTES AND THE AHIC CHAIRMAN (HUSLID OF NORWAY) MET IN PRIVATE. THIS POSED MANY DIFFICULTIES FOR GROUP B AS AMB HESSEL FREQUENTLY AGREED TO TRY TO SELL GROUP B ON COMPROMISE LANGUAGE WHICH WAS CLEARLY UNACCEPTABLE TO MANY MEMBERS OF GROUP B. THIS WAS PARTICULARLY TRUE ON THOSE ISSUES OTHER

THAN THE COMMON FUND AS HESSEL FELT NECESSITY FOR COMPROMISE FROM A POLITICAL STANDPOINT WAS FAR MORE IMPORTANT THAN MATTERS OF SUBSTANCE. AS AN EXAMPLE, IN CLOSING MINUTES OF THE MEETING ON SATURDAY NIGHT, THE CHAIRMAN GAVELLED THE RESOLUTION INTO ADOPTION WHILE SEVERAL MEMBERS OF THE G-77 WERE ATTEMPTING TO NEGOTIATE CHANGES IN THE TEXT. THE G-77 THEN TOOK THE FLOOR AND NOTED THAT THEY HAD BEEN SEEKING LIMITED OFFICIAL USE

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CHANGES IN THE TEXT. AMB BRILLANTES ASKED WHETHER OR NOT GROUP B WOULD AGREE TO SUCH CHANGES SINCE HE FELT THEY WERE PRIMARILY EDITORIAL. AMB HESSEL AGREED WITH ONE CHANGE DESPITE THE FACT THAT HE KNEW CANADA, AUSTRALIA, US, UK AND JAPAN WERE OPPOSED. AMB HESSEL ADVISED THE MINISTER FROM THE CANADIAN MISSION, WHO HAPPENED TO BE SITTING IN FRONT OF HIM, THAT HE AGREED ON HIS OWN BECAUSE "MY YOUNG MAN, WE SOMETIMES HAVE TO TAKE POLITICAL DECISIONS WHICH ARE MORE IMPORTANT THAN SUBSTANCE." IT WAS CLEAR THAT AMB HESSEL CONSIDERED THIS MEETING A TEST OF HIS LEADERSHIP OF GROUP B AS WELL AS A MATTER OF PRESTIGE TO FRANCE.

5. FOLLOWING IS SCHEDULE OF INDIVIDUAL MEETINGS FOR THE REMAINDER OF 1978:

24 - 28 JULY JUTE
31 JULY - 4 AUGUST TROPICAL TIMBER
28 AUGUST - 8 SEPTEMBER RUBBER (PRE-CONFERENCE)
18 - 29 SEPTEMBER TEA (IGE)
25 - 29 SEPTEMBER SISAL AND HENEQUEN (PANEL)
16 - 20 OCTOBER IRON ORE (IGE)
6 - 10 NOVEMBER COTTON
13 NOVEMBER - 1 DECEMBER WHEAT
13 NOVEMBER - 8 DECEMBER RUBBER CONFERENCE
4 - 8 DECEMBER AD HOC COMMITTEE
11 - 15 DECEMBER TEA
11 - 15 DECEMBER COIR (WG)/ABACA (WG)
18 - 22 DECEMBER IRON ORE
18 - 22 DECEMBER SISAL AND HENEQUEN (WG)
VANDEN HEUVEL

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